

To: Day, Christopher[Day.Christopher@epa.gov]
From: Hutchinson, Margaret (USAPAE)
Sent: Wed 5/8/2013 9:41:07 PM
Subject: RE: City of Reading WWTP Financial Update

Ex. 5 - Attorney Client

From: Day, Christopher [mailto:Day.Christopher@epa.gov]
Sent: Wednesday, May 08, 2013 5:06 PM
To: Hutchinson, Margaret (USAPAE)
Subject: RE: City of Reading WWTP Financial Update

Ex. 5 - Attorney Client

From: Miravich, John J. [mailto:JMiravich@foxrothschild.com]
Sent: Wednesday, May 08, 2013 3:27 PM
To: Margaret.Hutchinson@usdoj.gov
Cc: Day, Christopher; ghpford@pa.gov; kmooney@barley.com; Hay, Derald J.; Fred Lachat
Subject: City of Reading WWTP Financial Update

Peg:

Attached is the April 2013 Bank Statement for the Sewer Enterprise Fund. In addition, we have coordinated with the City's accounting department to help provide you the information related to the industrial revenues deposited into the Sewer Enterprise Fund. We have attached a spreadsheet detailing all of the line item wire transfers in the April 2013 invoices to explain the revenue stream in the Sewer Enterprise Fund.

All sewer revenues collected from residential, commercial, industrial and bulk customers are collected in the Sewer Enterprise Fund. The bulk customer and industrial revenues (including surcharges, penalties and reimbursements ,if any) are transferred through the City's General Dispersement Account to the Sewer Enterprise Fund. To help illustrate the summary below of how revenues and costs are dispersed to and from the various Funds managed by the City, we have also attached a flow chart.

As is common in municipal accounting, the City maintains a General Dispersement Account which acts as the clearinghouse for all deposits and payments (with the exception of payroll) from the City. When checks are received by the City's accounting department, the details associated with the payment are recorded in the ledger according to GAAP requirements. All checks are then deposited in the General Dispersement Account and transferred to the designated Fund in accordance with the instructions derived from the ledger.

The General Dispersement Account is also used as a single source for issuing checks for City obligations. Money is transferred from the applicable Fund to the General Dispersement Account after an invoice is received. A check is then issued from the

General Disbursement Account to the vendor as a means to control revenue streams at a single point for accounting and auditing purposes.

All revenue from the City retail consumer are directly transferred to the Sewer Enterprise Fund from the Reading Area Water Authority because the Water Authority handles the invoicing and collection of sewer receipts on behalf of the City.

I also wanted to take this opportunity to introduce Fred Lachat, who is working in the City's solicitor's office, to you. Fred will be handling the monthly circulation of the bank statements to DOJ, EPA and DEP starting in June.

Please let us know if you have any questions. Thank you.

John

John Miravich

Partner

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